

***Delaware Health Resources Board
Meeting Minutes
Thursday, September 27, 2018 2:30 PM
Delaware Technical Community College (Deltech Terry Campus)
Corporate Training Center Rooms 400A and B
100 Campus Drive
Dover, Delaware 19901***

Board Members Present: Chair Brett Fallon, Esq., Lynn Fahey, Leighann Hinkle, Dennis Klima, Vincent Lobo, D.O., Ted Becker, Mark Thompson, John Walsh, Michael Hackendorn, Julia O'Hanlon, Carolyn Morris, Edwin Barlow

Board Members Absent: Yrene Waldron

Staff Present: Latoya Wright and Joanna Suder

Call to Order and Welcome:

The Chair welcomed the Board members and called the meeting to order at 2:31 p.m.

Action

July 26, 2018 Meeting Minutes

The meeting minutes were reviewed. Edwin Barlow made a motion to approve the minutes. John Walsh seconded the motion; there was a voice vote, four abstentions, no opposing. Motion carried.

Chair Brett Fallon, Esq, Mark Thompson and Ted Becker recused themselves from the meeting before the Beebe Healthcare Specialty Surgical Hospital Certificate of Public Review Application presentation began.

Beebe Healthcare Specialty Surgical Hospital Certificate of Pubic Review Application Presentation

Beebe submitted an application to construct a new specialty surgical hospital in Rehoboth Beach, DE which was deemed complete on July 27, 2018. The capital expenditure is \$152 million. The public notice was posted on August 3, 2018. There were no requests for a public hearing. There is a 90 day review period for this application. Review Committee Meetings will need to be held in the early part of October. The Board will need to vote on this application at the October 25th HRB meeting. After the presentation, a review committee will need to be selected to begin the review process for the application. Beebe representatives provided an overview of the proposal in a PowerPoint presentation.

Need of the Population

Beebe has lowered their average length of stay for acute care patients from 4.46 to 4.36 in 2-17. Resulting in an average of 5.8 fewer people per day in the hospital. Beebe stated population growth still demands investment in inpatient care. Sussex County is projected to grow over the next few years. Beebe has experienced an accelerated shift of surgical cases short-stay and outpatient.

Consumer expectations are changing and demanding convenience and superior service. Insurers are pursuing bundled payments, requiring providers to offer efficient systems with excellent outcomes.

Conformity to Health Resources Management Plan

Beebe is an independent, not-for-profit community health system guided by charitable mission to encourage healthy living, prevent illness, and restore optimal health. Beebe is a Medicaid and Medicare provider. Beebe participates with the Delaware Health Information Network. Beebe's programs are focused on improving care outcomes and lowering unnecessary utilization and cost. Beebe is a participant in CMS bundled payment for care improvement since 2015. Beebe's C.A.R.E. program offers comprehensive support for high utilizers of ED and inpatient care.

Financial Viability

Beebe maintains positive operating margins (2.7% in fiscal 2018, 4.9% in 2017 and 4.2% in 2016). The Tax exempt bond offering will be used to finance construction and equipment costs. Analysis by Ponder & Co. affirms ability to secure bond financing without jeopardizing BBB bond rating. The Specialty Surgical Hospital projected to generate surplus operating income, thus will be financially viable and will contribute to cost of debt financing. Beebe stated a strong surgical program provides appropriate care to the community, and also helps to underwrite the costs of unreimbursed care, and the care of complex medical patients, the reimbursement for which, especially from Medicare (which is the largest payer at Beebe) does not cover direct and indirect costs.

Less Costly Alternatives

Project goals are to:

- Increase # of private rooms for inpatients
- Meet demand for convenient access for growing population
- Provide innovative surgical care purposely designed for efficient operations around the short-stay scheduled patient

Beebe does not have any feasible alternatives that are less costly. The Lewes campus is landlocked and expensive to build on site. The Lewes campus construction is disruptive to patients and residents. The Lewes campus has limited potential for future growth.

Beebe Creating the Next Generation of Care

The next generation of care may not be centered on hospitals, but certain care will still be safest when provided in a hospital. Beebe's community is growing and Beebe Healthcare is positioning itself to serve the community for many years into the future.

Notice of Intent Beebe Health Care Construction of Freestanding Emergency Department Georgetown DE

Beebe submitted a Notice of Intent on July 29 to construct a freestanding emergency department in Georgetown, DE. The facility will be adjacent to Sun Behavioral Health, La Red and across from Delaware Technical Community College. With the increase in emergency visits and growing population across Sussex County, Beebe is proposing this new construction. The estimated capital expenditure is \$15 million. The application will be submitted soon.

Notice of Intent Rockford Center 40 bed expansion

The Rockford Center submitted a Notice of Intent on August 27, 2018 to add 40 inpatient psychiatric beds to their current location in Newark DE. The estimated capital expenditure is \$6.5 million. The Rockford Center is currently operating at high occupancy levels. The Rockford Center is a private behavioral health hospital providing crisis intervention and short-term stabilization services to individuals and families experiencing mental health and/or addictive emergencies. The additional beds will allow them to meet current community need in addition to anticipating future behavioral health and substance abuse use service demands.

Other Business

Christiana Care Health System One Year Progress Update Behavioral Health bed expansion

Lynn Fahey recused herself from the Christiana Care progress update matter.

On September 28, 2017, the Board approved Christiana Care to expand their inpatient psychiatric unit by six beds increasing the unit from 24 to 30 at the Wilmington Hospital. Christiana has provided a progress update for review.

Highlights:

- The budget for construction is listed in update.
- The unit is on the seventh floor of the hospital. Construction such as drywall and framing is in place.
- The anticipated construction completion was in early September with occupancy in mid-October.

There was a question asked if the CPR application had a specific timeframe on when the expansion project would be complete. It was stated that information was not available in this meeting. There was a discussion surrounding possibly needing this information to determine if sufficient progress has been made since the approval of this project. According to *16 Del. C §9307*, the Board shall determine if sufficient progress has been made for the project to continue in effect. It was stated that the Board has deemed sufficient progress made on other projects that were not yet fully completed.

Action

Carolyn Morris made a motion to approve that sufficient progress has been made since the expansion project was approved in September 2017. Mark Thompson seconded the motion; there was a voice vote with one recusal. Motion carried.

First State Surgery Center One Year Expansion Progress Update

Mark Thompson recused himself from the First State Surgery Center progress update matter.

On June 20, 2017, the Board approved First State Surgery Center's application to expand and renovate their existing surgery center located in Newark, DE. At the May 24th Health Resources Board meeting, First State Surgery Center provided their one year progress update, however there was not much progress at that time due to the delay of the project. First State Surgery Center has provided another progress update for review.

Highlights:

- The project has received certificate of occupancy approvals from New Castle County of Land Use and the Delaware Fire Marshall.
- First State Surgery Center received final occupancy approves from the Office of the Health Facilities and Licensing Certification on September 19, 2018.
- First State Surgery Center will begin providing care to patients effective October 8, 2018.

Action

Lynn Fahey made a motion to approve that sufficient progress has been made since the expansion project was approved in June 2017. Ted Becker seconded the motion; there was a voice vote with one recusal. Motion carried.

Charity Care Reports

Annual charity care reports have been submitted by the following freestanding surgery centers documenting the dollar amount of charity care provided by the following freestanding surgery centers in 2017:

Facility Name	Amount of Charity Care
First State Surgery Center	\$ 620,647.34
Delaware Surgery Center	\$111,561
Delaware Surgical Arts	\$54,817.97
Cedar Tree Surgical Center	\$7,477.92
Beebe Outpatient Surgery Center	\$61,598
Lewes Surgery Center	\$10,152
Delaware Outpatient Surgery Center	\$0.00

There was no action needed for the charity care reports update.

A charity care subcommittee has been formed based on past discussions at previous HRB meetings to discuss the circumstances surrounding charity care as it relates to the current health care delivery system. John Walsh has agreed to chair this committee. These subcommittee meetings will be public meetings posted on the statewide public calendar.

Public Comment

Raymond Krett Jr. from First State Surgery Center stated that their facility performed hip replacement surgery for a patient. This procedure was provided on behalf of charitable care.

Executive Session

It was stated the Board needed to vote to enter into an executive session for the reason of discussing legal strategy. Ted Becker made a motion to enter into executive session for the reason of discussing legal strategy. Mark Thompson seconded the motion; there was a voice vote. Motion carried.

Next Meeting

November 28, 2018

Guests Attended

Heda Lobo

Ray Krett Jr.

Suzanne Raab-Long

Alex Syndor

Jeffrey Fried

Lauren Becher

Shari Bucci

Stacy Massaconi

First State Surgery Center

Delaware Healthcare Association

Beebe Healthcare

Beebe Healthcare

Christiana Care

Delaware Surgery Center

Bayhealth